

**701—16.3(422,423) Tangible personal property used or consumed by the manufacturer thereof.** When a person who is primarily engaged in the manufacture of building materials, supplies, or equipment for sale and not for the person's own use or consumption, considering the totality of the business, from time to time uses or consumes the building materials, supplies, or equipment for construction purposes, the person is deemed to be making retail sales to one's self and subject to tax on the basis of the fabricated cost of the items so used or consumed for construction purposes. If building materials, supplies, or equipment are used by a manufacturer in the performance of a construction contract, a "sale" occurs only if the materials, supplies, or equipment are used in the performance of a construction contract in Iowa. For purposes of this rule, the term "fabricated cost" means and includes the cost of all materials as well as the cost of labor, power, transportation to the plant, and other plant expenses but not installation on the job site. *Associated General Contractors of Iowa v. State Tax Commission*, 255 Iowa 673, 123 N.W.2d 922 (1963). Also see rule 701—19.4(422,423) relating to contractors and rule 701—19.5(422) relating to materials, supplies, and equipment used in construction contracts within and outside of Iowa.

This rule is intended to implement Iowa Code section 422.42(10).